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SUBJECT: SCENESETTER FOR VISIT OF UNDERSECRETARY DOBRIANSKY

REF: WARSAW 442

¶1. Welcome to Poland. You are coming to Poland at a time when the Polish government is eagerly looking forward to hosting the 14th session of the United Nations Conference on Climate Change Conference of the Parties (COP 14). More than 10,000 participants from over 190 countries are expected to attend the conference, at which Poland hopes to play a role in forging a new global framework on climate change. At the same time, Poland is facing painful choices in developing its own climate change policies.

¶2. Your visit coincides with the visit of a Presidential delegation, headed by Secretary Chertoff, to the 65th anniversary commemoration of the Warsaw Ghetto Uprising. During your time in Warsaw you will see first-hand a country that values its continuing close ties with the U.S. while it is rebuilding relationships with neighbors and the EU.

¶3. PM Donald Tusk is riding a wave of popular support in Poland. Tusk recently finished his first 100 days in office, after his party, Civic Platform (PO) trounced the Law and Justice Party (PiS) in October 2007 snap elections. PO has brought greater stability to Polish politics after two rocky years under a fractious coalition led by former PM Jaroslaw Kaczynski. Tusk has, at best, a tenuous cohabitation with President Lech Kaczynski, Jaroslaw's identical twin. This is not only attributable to family politics, but runs deeper to political fissures in the Solidarity generation of politicians, and the Polish constitution, which is purposefully vague in terms of delineation of authority between Prime Minister and President.

¶4. In their meeting on March 10, President Bush and PM Tusk discussed the possibility of placing missile interceptor sites in northern Poland, as part of our overall Missile Defense initiative. Negotiations over MD and modernizing Polish security forces are the top items in our bilateral agenda. Our economic agenda is changing as the country's economy soars. Rather than dealing with investment problems, we are increasingly able to hold strategic discussions on global issues affecting the U.S. and Poland. As you drive through Warsaw you will see signs of Poland's booming economy, which grew 6.5% last year. U.S. companies consider Poland a good place to do business.

¶5. You will be meeting with Foreign Minister Radek Sikorski, who we understand you know well from his time in Washington, DC. Sikorski served in the previous Law and Justice government as the Minister of Defense, until a spectacular falling out with PM Kaczynski. Sikorski's defection to Civic Platform and his recent appointment as Minister of Foreign Affairs was splashy evidence of the tensions between President Lech Kaczynski and PM Tusk's new government.

Sikorski immediately agreed to your meeting when it was raised personally by Ambassador Ashe, and said he looks forward to discussing the Community of Democracies project. That initiative was a joint American-Polish effort that was launched by then Secretary Albright's visit to Poland in 2000. Sikorski told us that the MFA had identified a Polish diplomat to lead a new Polish office, and that he approved funding for the initiative. Under Minister Sikorski and PM Tusk Poland has continued its leadership in promoting democracy in Cuba, Belarus, Ukraine, and Georgia, and is pushing the EU to pay attention to these issues.

16. Maciej Nowicki, the Minister of Environment, is leading the Polish government's delegation to COP 14 and preparation for the meeting. An environmental engineer, he has been a key figure in the Polish environmental movement since the fall of communism, and is widely respected in Poland. He recently told us that he believes global programs such as the Kyoto Protocol are of limited use in combating climate change. He is more appreciative than many of his European colleagues of U.S. programs in the climate change area, such as regulations setting automotive fuel efficiency standards, and the phasing out of incandescent light bulbs. He also noted several times that he believes harnessing solar energy is the ultimate solution to energy and climate change problems.

17. Deputy PM and Minister of Economy Pawlak is responsible for economic policy under the government's coalition agreement. Deputy PM Pawlak is chairman of the Polish People's Party and previously served as PM twice - in 1992 and from 1993 to 1995. He was also responsible for energy security issues until PM Tusk recently appointed a commission, headed by a member of his office, to coordinate

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GOP efforts to improve its energy security. Energy security is considered a national security issue in Poland. At present, Poland is dependent on Russia for oil and gas. To lessen this dependence, the Polish government is supporting a number of energy infrastructure programs: an LNG terminal at Swinoujscie, on the Baltic coast; a gas pipeline from Norway through Denmark to Poland; membership in a regional consortium to build a 1,200 MW nuclear power plant in Ignalina, Lithuania; and underground petroleum reserve storage in salt caverns.

18. Any analysis of Poland's energy and climate change policies begins with the fact that the nation is heavily dependent on coal. Poland's coal deposits are among the largest in Europe and coal is responsible for over 90% of the electric power generated in the country. The current government would like to leverage those resources and ensure its energy security by investing in new clean coal technologies. Currently Poland is responsible for emitting a disproportionate amount of greenhouse gasses. In 2004, Poland produced only \$822 of GDP per metric ton of CO2 emitted -- the second lowest figure for GDP per ton in the European Union, and less than half the amount of GDP per metric ton produced in the U.S. Poland achieved dramatic growth in GDP during the 1990's while greenhouse emissions fell. However, this was due more to closing inefficient, highly polluting industrial facilities inherited from the communist regime than the development of green technologies.

19. Poland's dependence on greenhouse gas-intensive energy is causing problems in complying with the European Union's Emission Trading Scheme (ETS). In March 2007, the European Commission allocated Poland only 208.5 million tons of CO2 emissions for the years 2008-2012, nearly 27% less than Poland requested. The Polish government appealed the allocation to the European Court of Justice, and a verdict is pending. The 27% cut in CO2 emissions will have a strong negative impact on Polish industries, especially energy production, cement plants, and steel mills. Moreover, ETS mandates require Polish industries to purchase 100% of their

emission permits beginning in 2013. Minister Nowicki believes that this will cost Poland 5 billion euros per year, raising energy prices by 50% to 70%.

¶10. Poland is also struggling to develop renewable energy sources. As you know, in March 2007, the EU set mandates for renewable energy use in each member state. Under these mandates, renewable energy sources are to account for 15% of Poland's energy consumption by 2020, up from 7.2% in 2005. Progress toward meeting the mandates has been slow in Poland.

The Ministry of Economy prepared a long-term program for promoting renewable fuels that was adopted by the Kaczynski government in July 2007. The plan calls for excise tax exemptions and corporate income tax reduction for use of renewable fuels, investment support for growing energy crops designated for biofuel production, creating zones accessible only to ecological public transport, and preference in public tenders for biofuel powered vehicles. So far, the program does not appear to have produced measurable results.

¶11. The U.S. government has been engaged in promoting green technologies in Poland. The Environmental Protection Agency is currently working with the Polish government under the Methane to Markets partnership to exploit coal mine and landfill methane for energy production. A wind farm, built in part with funding from the U.S. Trade and Development Agency, is scheduled to open later this year at Slupsk on the Baltic coast. The previous government was interested in joining DOE's FutureGen project, and Deputy PM Pawlak has repeatedly stated publicly that Poland needs to implement clean coal technologies.

¶12. One issue that is inevitably raised in any discussion with Polish government officials is visas. The Tusk government has somewhat downplayed the issue, but the subject was back in the news last month when Canada announced that it is dropping its visa requirements for Polish citizens and we announced we were moving forward on the process to add some of Poland's neighbors to the Visa Waiver Program (VWP). Government officials are aware that the visa waiver legislation is Congressionally mandated but will take the opportunity of your visit to press their case. Poles deeply resent the current visa law.

ASHE